

REPORT
HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
JUNE 30, 2014

HOUSE OF REPRESENTATIVES

STATE OF LOUISIANA

INDEX TO REPORT

JUNE 30, 2014

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4 - 7
BASIC FINANCIAL STATEMENTS:	
Governmental Fund Balance Sheet / Statement of Net Position	8
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance / Statement of Activities	9
Notes to Financial Statements.....	10 - 25
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	26
Schedule of Funding Progress for Other Postemployment Benefit Plans.....	27
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Legislators' Per Diem and Other Compensation	28 - 30
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	31 – 32
SUMMARY SCHEDULE OF FINDINGS	33

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INDEPENDENT AUDITOR'S REPORT

December 08, 2014

Honorable Charles E. Kleckley
Speaker of the House of Representatives
State of Louisiana
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the House of Representatives, State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the House of Representatives' basic financial statements as listed in the index to the report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the House of Representatives, State of Louisiana, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 7 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the House of Representatives, State of Louisiana's basic financial statements. The required supplementary information on page 27 is presented for purposes of additional analysis as required by the Governmental Accounting Standards Board (GASB) and is not a required part of the basic financial statements. The schedule on pages 28-30 is presented for the purpose of additional analysis and is also not a required part of the basic financial statements.

The required supplementary information on page 27 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule on pages 28-30 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 08, 2014, on our consideration of the House of Representatives, State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the House of Representatives, State of Louisiana's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

Management's Discussion and Analysis of the House of Representatives, State of Louisiana's financial performance presents a narrative overview and analysis of the House of Representatives' financial activities for the year ended June 30, 2014. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. This analysis should be read in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The House's general revenues and other financing sources exceeded its expenditures by \$1,921,843. The House's net position increased by \$177,962 due to a decrease in the House's total expenditures, primarily in the areas of personnel services, travel, supplies and capital outlay.

- The general revenues of the House were \$27,880,721, which is a decrease of \$34,231. The decrease in general revenues was due primarily to a decrease in other income in the current year.
- The other financing sources of the House were \$2,016,492, which is a decrease of \$19,204.
- The other financing uses of the House were \$71,799, which is an increase of \$71,799. The increase in other financing uses is due to interagency transfers.
- The total expenditures/expenses of the House were \$29,647,452, which is a decrease of \$540,419. Personnel services, travel, supplies, and capital outlay accounted for the largest portions of this decrease.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three sections: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. Management's discussion and analysis is intended to serve as an introduction to the House of Representatives' basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional information to supplement the basic financial statements, such as required supplementary information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the House of Representatives' finances, in a manner similar to a private-sector business.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

The Statement of Net Position (page 8) presents information on all of the House of Representatives' assets and liabilities. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the House of Representatives is improving or deteriorating. From the data presented, readers of the Statement of Net Position can determine the assets available to continue the operations of the office. The financial statement readers are also able to determine how much the House of Representatives owes vendors and others. Finally, the Statement of Net Position provides a summary of the combined net position (assets minus liabilities) and their availability for expenditure.

The Statement of Activities (page 9) presents information showing how the House of Representatives' assets changed during the most recent fiscal year. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, transactions may be included that will not affect cash until future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The House of Representatives uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the House of Representatives' only fund, the general fund.

The House of Representatives uses only one fund type, the governmental fund. The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the House of Representatives' near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental fund and the governmental activities.

Notes to the Financial Statements

The notes (pages 10-25) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the House of Representatives' budgetary comparison (page 26) and progress in funding its obligations to provide other postemployment benefits (page 27).

Following the required supplementary information is other supplementary information that further explains and supports the information in the financial statements (pages 28-30).

The following presents condensed financial information of the House of Representatives:

**COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013**

ASSETS:

	2014	2013	Change	Percentage Change
Current assets	\$ 27,469,845	\$ 25,543,340	\$ 1,926,505	7.5%
Capital assets	<u>138,519</u>	<u>109,405</u>	<u>29,114</u>	26.6%
Total assets	<u>27,608,364</u>	<u>25,652,745</u>	<u>1,955,619</u>	7.6%

LIABILITIES:

Current liabilities	\$ 1,137,594	\$ 1,132,932	\$ 4,662	0.4%
Long-term liabilities	<u>14,265,718</u>	<u>12,492,723</u>	<u>1,772,995</u>	14.2%
Total liabilities	<u>15,403,312</u>	<u>13,625,655</u>	<u>1,777,657</u>	13.0%
Net investment in capital assets	138,519	109,405	29,114	26.6%
Unrestricted	<u>12,066,533</u>	<u>11,917,685</u>	<u>148,848</u>	1.2%
Total net position	<u>\$ 12,205,052</u>	<u>\$ 12,027,090</u>	<u>\$ 177,962</u>	1.5%

**COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013	Change	Percentage Change
General revenues	\$ 27,880,721	\$ 27,914,952	\$ (34,231)	(0.1%)
Expenditures/expenses	29,647,452	30,187,871	(540,419)	(1.8%)
Other financing sources (uses)	<u>1,944,693</u>	<u>2,035,696</u>	<u>(91,003)</u>	(4.5%)
Change in net position	<u>\$ 177,962</u>	<u>\$ (237,223)</u>	<u>\$ 415,185</u>	175.0%

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

BUDGET ANALYSIS

A comparison of budget to actual operations is a required supplementary statement and is presented in the accompanying supplementary information. The House was under budget in the areas of personnel services, travel, supplies, telephone, utilities, and building, dues and subscriptions, printing, and capital outlay, but was over budget in the areas of office expense and maintenance, and other fees and services. However, most of the overages were offset by interagency transfers.

ECONOMIC OUTLOOK

The House of Representatives' fiscal year 2015 Budget was approved with a 5.0% increase from the prior fiscal year.

CONTACTING THE HOUSE'S MANAGEMENT

This audit report is designed to provide a general overview of the House and to demonstrate the House's accountability for its finances. If you have any questions about this report or need additional information, please contact the House of Representatives, State of Louisiana, P.O. Box 94062, Baton Rouge, Louisiana 70804.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
GOVERNMENTAL FUND BALANCE SHEET /
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>General Fund</u>	<u>Adjustments*</u>	<u>Statement of Net Position</u>
ASSETS:			
Cash and cash equivalents (Notes 1 and 2)	\$ 27,335,444	\$ -	\$ 27,335,444
Due from other legislative agencies (Note 7)	81,454	-	81,454
Travel advances	175	-	175
Promotional inventory (Note 1)	52,772	-	52,772
Capital assets (net of allowance for depreciation) (Note 3)	<u>-</u>	<u>138,519 (1)</u>	<u>138,519</u>
TOTAL ASSETS	<u><u>\$ 27,469,845</u></u>	<u><u>138,519</u></u>	<u><u>27,608,364</u></u>
LIABILITIES:			
Accounts payable	\$ 64,548	-	64,548
Employee benefits payable	499,574	-	499,574
Salaries payable	573,472	-	573,472
Compensated absences: (Note 1)			
Current portion	-	272,829 (2)	272,829
Noncurrent portion	-	1,091,314 (2)	1,091,314
OPEB payable (Note 5)	<u>-</u>	<u>12,901,575 (2)</u>	<u>12,901,575</u>
Total liabilities	<u><u>1,137,594</u></u>	<u><u>14,265,718</u></u>	<u><u>15,403,312</u></u>
FUND BALANCE/NET POSITION:			
Nonspendable (Note 12)	\$ 52,772	(52,772)	-
Restricted (Note 12)	237,949	(237,949)	-
Committed (Note 12)	499,942	(499,942)	-
Assigned (Note 12)	16,065,718	(16,065,718)	-
Unassigned	<u>9,475,870</u>	<u>(9,475,870)</u>	<u>-</u>
Total fund balance	<u><u>26,332,251</u></u>		
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 27,469,845</u></u>		
NET POSITION:			
Net investment in capital assets		138,519	138,519
Unrestricted		<u>12,066,533</u>	<u>12,066,533</u>
TOTAL NET POSITION		<u><u>\$ 12,205,052</u></u>	<u><u>\$ 12,205,052</u></u>

***Explanation**

- (1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the General Fund.
- (2) Long-term liabilities, such as compensated absences and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the General Fund.

See accompanying notes.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Adjustments*</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES:			
Personnel services	\$ 24,552,921	\$ 1,772,995 (1)	\$ 26,325,916
Travel	426,042	-	426,042
Supplies	157,561	-	157,561
Telephone, utilities and building	349,010	-	349,010
Dues and subscriptions	2,324	-	2,324
Printing	147,949	-	147,949
Office expense and maintenance	2,066,035	-	2,066,035
Other fees and services	51,864	-	51,864
Capital outlay	149,865	(89,546) (2)	60,319
Depreciation	-	60,432 (2)	60,432
Total expenditures/expenses	<u>27,903,571</u>	<u>1,743,881</u>	<u>29,647,452</u>
GENERAL REVENUES:			
State appropriations	27,607,568	-	27,607,568
Interest	91,032	-	91,032
Other	182,121	-	182,121
Total general revenues	<u>27,880,721</u>	<u>-</u>	<u>27,880,721</u>
Excess (deficiency) of general revenues over expenditures/expenses	<u>(22,850)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Interagency transfers in (Note 7)	2,016,492	-	2,016,492
Interagency transfers out (Note 7)	<u>(71,799)</u>	<u>-</u>	<u>(71,799)</u>
Total other financing sources	<u>1,944,693</u>	<u>-</u>	<u>1,944,693</u>
Excess of general revenues and other financing sources over expenditures/expenses	1,921,843	(1,921,843)	-
Change in net position	-	177,962	177,962
FUND BALANCE/NET POSITION:			
Beginning of Year	24,410,408	(12,383,318)	12,027,090
End of Year	<u>\$ 26,332,251</u>	<u>\$ (14,127,199)</u>	<u>\$ 12,205,052</u>

*Explanation

- (1) Expenses of long-term obligations for compensated absences and other postemployment benefits reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the General Fund.
- (2) Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital outlays not meeting the capitalization threshold are reported as an expense (i.e., supplies).

See accompanying notes.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Nature of Operations:

The House of Representatives is a part of the legislative branch of government created under Article III of the 1974 Louisiana Constitution.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Government accounting principles and practices are promulgated and established by the Governmental Accounting Standards Board (GASB). The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards*. This codification and subsequent GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments. The accompanying financial statements have been prepared in accordance with such pronouncements.

The following is a summary of the more significant accounting policies.

Financial Reporting Entity – Application of Section 2100 of the GASB Codification defines the governmental reporting entity (in relation to the House of Representatives, State of Louisiana) to be the State of Louisiana. The accompanying financial statements of the House of Representatives contain sub-account information of the General Fund and account groups of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

Fund Accounting – The House of Representatives uses fund accounting (separate set of self-balancing accounts) to reflect the sources and uses of available resources and the budgetary restrictions placed on those funds by the Louisiana Legislature. The House of Representatives has only a General Fund, which is used to account for all of the House of Representatives' activities, including the acquisition of capital assets and the servicing of long-term liabilities.

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The House of Representatives presents a Statement of Net Position and Statement of Activities. These statements reflect entity-wide operations of the House of Representatives. The House of Representatives has no fiduciary funds or component units. The House of Representatives has only a General Fund, supported by an appropriation from the State of Louisiana and self-generated funds.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Within the accompanying statements, the General Fund column of the Statement of Net Position and the Statement of Activities reports all activities of the House of Representatives using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Management considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Using this methodology, the legislative appropriation is recorded during the year, and for the year, the appropriation is made, and interest and other revenues are recorded when earned. Expenditures are recorded when a liability is incurred, as in accrual accounting. However, compensated absences and other postemployment benefits (OPEB) are recorded when paid.

The General Fund column is adjusted to create a Statement of Net Position and Statement of Activities. Within this column, amounts are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Budgetary Practices:

The House of Representatives, State of Louisiana, is required to submit to the Legislative Budgetary Control Council an estimate of the financial requirements for the ensuing fiscal year. The General Fund appropriation is enacted into law by the Legislature and sent to the Governor for his signature. The House is authorized to transfer budget amounts between accounts in the General Fund. Revisions, which alter total appropriations, must be approved by the Legislature. The level of budgetary responsibility is by total appropriation. All annual appropriations lapse at fiscal year end, and require that any amounts not expended or encumbered at the close of the fiscal year be returned to the State General Fund unless otherwise reappropriated by subsequent legislative action. Current appropriation legislation authorizes such reappropriation of prior year funds.

The budget for the General Fund is prepared on the budgetary (legal) basis of accounting. In compliance with budgetary authorization, the House of Representatives includes the prior year's fund balance represented by appropriated net position remaining in the fund as a budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue because it represents prior period's excess of revenues over expenditures.

Encumbrance accounting is used during the year to reserve portions of the annual appropriation for unfilled purchase orders. Year-end encumbrances are not charged against the current year appropriation and are carried forward into the next budget year.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Promotional Inventory:

The House maintains an inventory of promotional items, which are available for sale to the general public in the interest of promoting the State of Louisiana and the Legislature. Inventory items are recorded at the lower of cost or market on a first-in, first-out basis.

Compensated Absences:

The long-term obligation of accumulated unpaid annual, sick and compensatory leave is reported in the Statement of Net Position and Statement of Activities. The House's employees accrue unlimited amounts of annual and sick leave at varying rates as established by the House's personnel manual. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave are credited as earned service in computing retirement benefits.

Furthermore, employees earn compensatory leave for hours worked in excess of 40 hours per work week. The compensatory leave may be used similarly to annual or sick leave. At June 30, 2014, compensatory leave of up to 360 hours, for which employees could be paid upon resignation or retirement, and annual leave, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards* Section C60.105, totaled \$1,364,143.

The following are the changes in compensated absences during the year:

<u>Balance</u> <u>July 01, 2013</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>\$ 1,413,496</u>	<u>\$ (49,353)</u>	<u>\$ 1,364,143</u>

The portion of compensated absences due within one year is \$272,829. The additions and reductions to compensated absences during the 2013-2014 fiscal year represent the net change during the year because the additions and deductions could not be readily determined.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Postemployment Benefits:

The House of Representatives, State of Louisiana, provides certain health care and life insurance benefits for retired employees. Substantially all of the House of Representatives' employees may become eligible for those benefits if they reach normal retirement age while working for the House. These benefits for retirees and similar benefits for active employees are provided through the State's Office of Group Benefits Plan and the LSU System Health Plan. Monthly premiums are paid jointly by the employee and the House of Representatives. The House recognizes the cost of providing these benefits as expenditures in the year paid in the General Fund. For the year ended June 30, 2014, those costs totaled \$671,766, which covered 124 retired employees, funded through the legislative appropriation.

Capital Assets:

The accompanying statements reflect furniture, fixtures, and equipment used by the House and funded by the legislative appropriation, in daily operations. Those assets are recorded at cost. Depreciation is charged to expense over the estimated useful lives of the assets and is determined using the straight-line method. Expenditures for maintenance and repairs, which do not materially extend the useful life of the asset, are charged to expense as incurred.

The accompanying statements do not include the value of land and buildings provided without cost to the House by the State of Louisiana. Those assets are recorded with the annual financial statements of the State of Louisiana.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Noncurrent Liabilities:

Noncurrent liabilities include estimated amounts for accrued compensated absences and other postemployment benefits that will not be paid within the next fiscal year.

Fund Balance:

Fund balance is classified in the following components:

- *Nonspendable* includes fund balance amounts that cannot be spent either because it is in nonspendable form (such as inventory) or because of legal or contractual constraints.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Balance: (Continued)

- *Restricted* includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers (such as grantors, bondholders and higher levels of government) or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* includes fund balance amounts that are constrained for specific purposes that are internally imposed by the House itself, using its highest level of decision-making authority, the Speaker of the House. To be reported as *committed*, amounts cannot be used for any other purpose unless the House takes the same highest level action to remove or change the constraint.
- *Assigned* includes fund balance amounts that the House intends to use for specific purposes as determined by the Speaker of the House that are neither considered restricted nor committed.
- *Unassigned* fund balance amounts include the residual amounts of fund balance which do not fall into one of the other components. Positive amounts are reported only in the General Fund.

The House applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The House does not have a formal minimum fund balance policy.

Net Position:

Net position comprises the various net earnings from revenues and expenses. Net position is classified in the following components:

(a) *Net investment in capital assets* consists of the House's total investment in capital assets, net of accumulated depreciation.

(b) *Restricted* consists of resources restricted by external sources such as creditors, grantors, contributors or by law.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Position: (Continued)

(c) *Unrestricted* consists of resources derived from state appropriations, interest earnings, and other miscellaneous sources. These resources are used for transactions relating to general operations of the House and may be used at its discretion to meet current expenses and for any purpose.

Adoption of New Accounting Policies:

For the year ended June 30, 2014, the following GASB statements were effective, but did not impact the financial statements of the House of Representatives: GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections*; GASB Statement No. 67, *Financial Reporting for Pension Plans*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

2. DEPOSITS IN BANKS:

Under State law, the House of Representatives may deposit funds in an approved bank located in the State selected by the presiding officer of the House of Representatives. These public deposits must be secured by federal deposit insurance or pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

At June 30, 2014, the carrying amount of the House of Representatives' cash accounts was \$27,335,444. The bank balances were \$27,571,491. All cash was covered by federal depository insurance or pledged securities held by the Federal Reserve Bank in the name of the House of Representatives.

3. CAPITAL ASSETS:

The accompanying statements reflect capital assets used by the House of Representatives, and funded by the legislative appropriation, in daily operations. Those assets are recorded at cost. Capital assets with acquisition costs of \$5,000 or greater are capitalized and depreciated as follows:

	<u>Cost</u>	<u>Allowance for Depreciation</u>	<u>Net Value</u>
Balance, July 01, 2013	\$ 791,522	\$ (682,117)	\$ 109,405
Acquisitions	89,546	-	89,546
Retirements	(21,690)	21,690	-
Depreciation	-	(60,432)	(60,432)
Balance, June 30, 2014	<u>\$ 859,378</u>	<u>\$ (720,859)</u>	<u>\$ 138,519</u>

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. CAPITAL ASSETS: (Continued)

The depreciable assets are depreciated using the straight-line method of allocating costs over the following useful lives:

Computer equipment	5 years
Office furniture	10 years
Vehicles	5 years
Other machinery and equipment	6 years

The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized.

4. RETIREMENT SYSTEM:

Plan Description:

Substantially all employees and members of the House of Representatives participate in the Louisiana State Employees' Retirement System (LASERS) or the Teachers' Retirement System of Louisiana (TRSL). TRSL is a cost-sharing, multiple employer defined benefit plan, and LASERS is considered a single-employer defined benefit plan due to a material portion of its activity being with one employer, the State of Louisiana. Both pension plans are administered by a separate Board of Trustees. The plans provide retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute and guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. LASERS and TRSL issue publicly available financial reports that include financial statements and required supplementary information. The reports may be obtained by writing to Louisiana State Employees' Retirement System, P. O. Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600, or by writing to Teachers' Retirement System of Louisiana, P. O. Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy:

Plan members of the House are required by state statute to contribute 7½% or 8% (depending on their date of hire) of their annual covered salary to LASERS or 8% of their annual covered salary to TRSL. The House of Representatives (as their employer) is required to contribute at an actuarially determined rate. The current employer rate is 31.3% and 27.2% of annual covered payroll for LASERS and TRSL, respectively. The contribution requirements of plan members and the employer are established and amended by state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contribution is funded by the State of Louisiana through the annual legislative appropriation. The House of Representatives' employer contributions to LASERS and TRSL for the years ended June 30, 2014, 2013 and 2012, which were equal to the required contributions for each year, were as follows:

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

4. RETIREMENT SYSTEM: (Continued)

Funding Policy: (Continued)

<u>Period Ended</u>	<u>LASERS</u>	<u>TRSL</u>	<u>Total</u>
June 30, 2014	\$ 3,192,092	\$ 35,286	\$ 3,227,378
June 30, 2013	2,930,006	7,816	2,937,822
June 30, 2012	2,778,873	7,584	2,786,457

5. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

Substantially, all House employees become eligible for postemployment health care and life insurance benefits if they reach normal retirement age while working for the House. The House of Representatives, State of Louisiana offers its employees the opportunity to participate in one of two medical coverage plans. One offering is from the State Office of Group Benefits (OGB) which also offers a life insurance plan, and the other is with the LSU System Health Plan. Information about each of these two plans is presented below.

PLAN DESCRIPTIONS:

LSU System Health Plan:

The House is one of a limited number of state agencies that may participate in the LSU System Health Plan. The state agency participation is not material and, as such, the plan is identified as a single-employer defined benefit healthcare plan that is not administered as a trust or equivalent arrangement. The Health Plan offers eligible employees, retirees, and their beneficiaries the opportunity to participate in comprehensive health and preventive care coverage that gives members a unique, consumer-driven health-care approach to pay routine health expenses and provides coverage for major healthcare expenses. Within the Health Plan members have a choice of selecting LSU First Option 1 or LSU First Option 2. Option 1 is more costly but features both lower yearly deductibles and out-of-network coinsurance requirements.

The LSU System Health Plan selects claim and pharmaceutical administrators to administer its program. Both claim and pharmacy administrators are selected through a formal Request for Proposals process followed by negotiations between the System and qualified vendors.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

PLAN DESCRIPTIONS: (Continued)

LSU System Health Plan: (Continued)

The Health Plan originally began as a pilot program within the State Office of Group Benefits (OGB), the office that provides health benefits to state employees. The Health Plan does not issue a publicly available financial report, but it is included in the LSU System's audited Financial Report. The Financial Report may be obtained from the LSU System's website at <http://www.lsusystem.edu/>.

State OGB Plan:

The House of Representatives, State of Louisiana's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), a cost-sharing, multiple-employer defined benefit plan, but classified as an agent multiple-employer defined benefit OPEB Plan for financial reporting purposes since the plan is not administered as a formal trust. The OPEB Plan provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. R.S. 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

FUNDING POLICIES:

LSU System Health Plan:

While actuarially determined, the plan rates must be approved by OGB under R.S. 42:851(b). Plan rates are in effect for one year and members have the opportunity to switch providers during the open enrollment period which usually occurs in October.

The plan is financed on a pay as you go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits. This expense includes all expected claims and related expenses and is offset by retiree contributions. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule.

Depending upon the Option selected, during the year ended June 30, 2014, employee premiums for a single member receiving benefits range from \$74 to \$85 per month for retiree-only coverage with Medicare or from \$126 to \$141 per month for retiree-only coverage without Medicare. The premiums for the year ended June 30, 2014 for a retiree and spouse range from \$131 to \$302 per month for those with Medicare or from \$356 to \$409 per month for those without Medicare.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)
FUNDING POLICIES: (Continued)
LSU System Health Plan: (Continued)

The House of Representatives, State of Louisiana contributed anywhere from \$220 to \$255 per month for retiree-only coverage with Medicare or from \$888 to \$911 per month for retiree-only coverage without Medicare during the year ended June 30, 2014. Also, the House of Representatives' contributions ranged from \$392 to \$905 per month for retiree and spouse with Medicare or \$1,399 for retiree and spouse without Medicare.

State OGB Plan:

The contribution requirements of plan members and the House of Representatives, State of Louisiana are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) Plan, and the Medical Home HMO (MH-HMO) Plan. The OGB also offers a Consumer Driven Health Plan with a Health Savings Account option (CDHP-HSA). Retired employees who have Medicare Part A and Part B coverage also have access to OGB Medicare Advantage Plans, which are offered on a calendar year basis. During both years, there were two HMO plans offered by different companies. Depending upon the plan selected, during fiscal year 2014, employee premiums for a single member receiving benefits range from \$83 to \$96 per month for employee-only coverage with Medicare or from \$134 to \$148 per month for employee-only coverage without Medicare. The premiums for an employee and spouse for the year ended June 30, 2014 range from \$148 to \$316 per month for those with Medicare or from \$434 to \$459 per month for those without Medicare.

The plan is currently financed on a pay as you go basis, with the House of Representatives contributing anywhere from \$248 to \$257 per month for retiree-only coverage with Medicare or from \$864 to \$911 per month for retiree-only coverage without Medicare during fiscal year 2014. Also, the House of Representatives, State of Louisiana contributions range from \$444 to \$948 per month for retiree and spouse with Medicare or \$1,327 to \$1,399 for retiree and spouse without Medicare during the year ended June 30, 2014.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

FUNDING POLICIES: (Continued)

State OGB Plan: (Continued)

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays approximately one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death & dismemberment coverage ceasing at age 70 for retirees. Spouse life insurance is available.

ANNUAL OPEB COST:

The House of Representatives, State of Louisiana's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 01, 2013 was \$2,432,894.

The following table presents the House of Representatives, State of Louisiana's OPEB obligation for the year ended June 30, 2014. The table shows the components of each plan's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan, and changes in the plan's net OPEB obligation to the retiree health plan:

	<u>Office of Group Benefits Plan</u>	<u>LSU System Health Plan</u>	<u>Total</u>
Annual required contribution	\$ 491,000	\$ 1,941,894	\$ 2,432,894
Interest on net OPEB obligation	150,896	310,539	461,435
ARC adjustment	<u>(146,100)</u>	<u>(254,115)</u>	<u>(400,215)</u>
Annual OPEB Cost	495,796	1,998,318	2,494,114
Contributions made	<u>(325,125)</u>	<u>(346,641)</u>	<u>(671,766)</u>
Increase in Net OPEB Obligation	170,671	1,651,677	1,822,348
Beginning Net OPEB Obligation	<u>3,772,425</u>	<u>7,306,802</u>	<u>11,079,227</u>
Ending Net OPEB Obligation	<u>\$ 3,943,096</u>	<u>\$ 8,958,479</u>	<u>\$ 12,901,575</u>

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

ANNUAL OPEB COST: (Continued)

The House's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for the fiscal year ended June 30, 2014, and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
<u>OGB</u>			
June 30, 2014	\$ 495,796	65.58%	\$ 3,943,096
June 30, 2013	530,281	59.85%	3,772,425
June 30, 2012	498,527	68.64%	3,559,518
<u>LSU</u>			
June 30, 2014	1,998,318	17.35%	8,958,479
June 30, 2013	3,118,272	10.34%	7,306,802
June 30, 2012	1,520,885	20.55%	4,511,034

FUNDED STATUS AND FUNDING PROGRESS:

Act 910 of the 2008 Regular Session established the Postemployment Benefits Trust Fund effective July 01, 2008; however, neither the House of Representatives, State of Louisiana, nor the State of Louisiana have made contributions to it. Since no contributions have been made, the House of Representatives, State of Louisiana's entire actuarial accrued liability of \$7,385,700 for the OGB Plan was unfunded. The LSU System Health Plan does not use a trust fund to administer the financing of the plan and the payment of benefits.

The funded status of the plan, as determined by an actuary as of July 01, 2013, was as follows:

	<u>Office of Group Benefits</u>	<u>LSU System Health Plan</u>
Actuarial accrued liability (AAL)	\$ 7,385,700	\$ 25,927,709
Actuarial value of plan assets	--	--
Unfunded actuarial accrued liability (UAAL)	<u>\$ 7,385,700</u>	<u>\$ 25,927,709</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (annual payroll of active employees covered by the plans)	\$ 1,873,594	\$ 12,423,852
UAAL as a percentage of covered payroll	394.20%	208.69%

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

ACTUARIAL METHODS AND ASSUMPTIONS:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

A summary of the actuarial assumptions is presented below:

	<u>LSU System Health Plan</u>	<u>State OGB Plan</u>
Actuarial valuation date	July 01, 2013	July 01, 2013
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of payroll	Level percentage of payroll
Amortization period	30 years, open	30 years, open
Asset valuation method	None	None
Actuarial assumptions:		
Investment rate of return	4.25% annual rate	4.00% annual rate
Projected salary increases	4.00% per annum	3.00% per annum
Healthcare inflation rate	8.50%	6.00-8.00%
	4.50% ultimate	4.50% ultimate

6. LEASE AGREEMENTS:

During the year ended June 30, 2011, the House entered into a lease agreement with Canon Financial Services, Inc. for the lease of several copiers. The term of the lease agreement is for sixty months in the amount of \$13,997 per month. Future minimum lease payments under this non-cancelable operating lease as of June 30, 2014 are as follows:

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. LEASE AGREEMENTS: (Continued)

<u>Year Ended</u>	<u>Lease Payments</u>
June 30, 2015	\$ 167,964
June 30, 2016	<u>69,985</u>
Total	<u>\$ 237,949</u>

Expenditures relating to this lease were \$167,964 for the year ended June 30, 2014.

The House of Representatives has operating leases for computer and office equipment on a month-to-month, as needed, basis.

The lease agreements have nonappropriation exculpatory clauses that allow for lease cancellation if the Louisiana Legislature does not make an appropriation for their continuation during any future fiscal period. Rental and lease expenditures totaled \$58,582 for the year ended June 30, 2014.

7. INTERAGENCY TRANSFERS:

Amounts received from other governmental units for the year ended June 30, 2014 consist of the following:

	<u>Office Operations</u>	<u>Capital Outlay</u>	<u>Personnel Services</u>	<u>Total</u>
Legislative Budgetary				
Control Council	\$ 1,616,431	\$ 109,891	\$ 249,915	\$ 1,976,237
Other agencies	<u>-</u>	<u>-</u>	<u>40,255</u>	<u>40,255</u>
Total	<u>\$ 1,616,431</u>	<u>\$ 109,891</u>	<u>\$ 290,170</u>	<u>\$ 2,016,492</u>

The amounts due from Legislative Budgetary Control Council and other agencies totaled \$81,454 at year-end.

Amounts transferred to other governmental units for the year ended June 30, 2014 consist of the following:

	<u>Office Operations</u>	<u>Capital Outlay</u>	<u>Personnel Services</u>	<u>Total</u>
Louisiana State				
Law Institute	\$ <u>-</u>	\$ <u>-</u>	\$ <u>71,799</u>	\$ <u>71,799</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,799</u>	<u>\$ 71,799</u>

The amount due to other legislative agencies totaled \$-0- at year-end.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

8. OTHER COSTS:

The State of Louisiana, through other appropriations, provides office space, utilities and janitorial services for the office facilities, all of which are not included in the accompanying financial statements.

9. LITIGATION, CLAIMS AND SIMILAR CONTINGENCIES:

Losses arising from litigation, claims and similar contingencies are considered state liabilities and are paid by special appropriations made by the Louisiana Legislature. Any applicable litigation, claims and similar contingencies are not recognized in the accompanying financial statements.

At June 30, 2014, the House of Representatives, State of Louisiana was involved in a lawsuit relating to its function as the House of Representatives, State of Louisiana. In the opinion of legal counsel, resolution of the litigation would not result in a substantial liability to the House of Representatives, State of Louisiana and, accordingly, is not recorded in the accompanying financial statements.

10. RECONCILIATION:

The Statement of Net Position and Statement of Activities present the House of Representatives' fund balance/net position from a fund perspective and an entity-wide perspective, using the current financial resources focus for the fund balance and the economic resources measurement focus for net position. The amounts are reconciled as follows:

Fund balance, June 30, 2014	\$ 26,332,251
Capital assets	138,519
Compensated absences	(1,364,143)
Other post-employment benefits payable	<u>(12,901,575)</u>
Net position, June 30, 2014	<u>\$ 12,205,052</u>

11. RISK MANAGEMENT:

The House of Representatives' State of Louisiana limits its exposure to risk of loss through the Office of Risk Management, a statewide insurance program. Through the payment of premiums to the program, the House of Representatives, State of Louisiana transfers the risk of loss from theft, torts, damage to and destruction of assets, workers' compensation, errors and omissions, and natural disasters.

12. FUND BALANCES:

As of June 30, 2014, the House has an unassigned fund balance of \$9,475,870. The fund balance also includes amounts classified as nonspendable, restricted, committed and assigned for the following purposes:

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

12. FUND BALANCES: (Continued)

	<u>General Fund</u>
Nonspendable:	
Inventory	\$ <u>52,772</u>
Total nonspendable fund balance	\$ <u><u>52,772</u></u>
Restricted:	
Future obligation on equipment lease	\$ <u>237,949</u>
Total restricted fund balance	\$ <u><u>237,949</u></u>
Committed:	
Pentagon account	\$ 140,656
Capitol Foundation account	319,976
Arts fund	8,011
Flexible Benefits account (net of liabilities)	<u>31,299</u>
Total committed fund balance	\$ <u><u>499,942</u></u>
Assigned:	
Annex and basement renovations	\$ 300,000
Tower office renovations	500,000
Computer hardware and software upgrades	250,000
Committee room and chamber upgrades	750,000
Other post-employment benefits obligation	12,901,575
Compensated absences obligation	<u>1,364,143</u>
Total assigned fund balance	\$ <u><u>16,065,718</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Actual Amounts			Budgeted Amounts	
	GAAP Basis	GAAP to Budget Differences Over (Under)	Budgetary Basis	Original	Final
REVENUES:					
State appropriations	\$ 27,607,568	\$ -	\$ 27,607,568	\$ 27,607,568	\$ 27,607,568
Interest	91,032	-	91,032	-	-
Other	182,121	-	182,121	-	-
Reappropriated fund balance (1)	-	24,916,645 (1)	24,916,645	24,916,645	24,916,645
Total revenues	<u>27,880,721</u>	<u>24,916,645</u>	<u>52,797,366</u>	<u>52,524,213</u>	<u>52,524,213</u>
EXPENDITURES:					
Personnel services	24,552,921	(67,235) (2)	24,485,686	25,210,209	25,210,209
Travel	426,042	-	426,042	478,250	478,250
Supplies	157,561	-	157,561	325,025	325,025
Telephone, utilities and building	349,010	-	349,010	628,468	628,468
Dues and subscriptions	2,324	-	2,324	7,625	7,625
Printing	147,949	-	147,949	681,015	681,015
Office expense and maintenance	2,066,035	-	2,066,035	868,000	868,000
Other fees and services	51,864	-	51,864	44,700	44,700
Capital outlay	149,865	-	149,865	344,350	344,350
Total expenditures/expenses	<u>27,903,571</u>	<u>(67,235)</u>	<u>27,836,336</u>	<u>28,587,642</u>	<u>28,587,642</u>
Excess of revenues over expenditures	(22,850)	24,983,880	24,961,030	23,936,571	23,936,571
OTHER FINANCING SOURCES (USES):					
Interagency transfers in	2,016,492	-	2,016,492	-	-
Interagency transfers out	(71,799)	-	(71,799)	-	-
Total other financing sources	<u>1,944,693</u>	<u>-</u>	<u>1,944,693</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,921,843	24,983,880	26,905,723	23,936,571	23,936,571
Fund balances - beginning	24,410,408	506,237 (3)	24,916,645	8,281,656	8,281,656
Less reappropriated fund balance	-	(24,916,645) (1)	(24,916,645)	(24,916,645)	(24,916,645)
Fund balances - ending	<u>\$ 26,332,251</u>	<u>\$ 573,472</u>	<u>\$ 26,905,723</u>	<u>\$ 7,301,582</u>	<u>\$ 7,301,582</u>

Explanation of differences:

- (1) Budgets include reappropriated fund balances carried over from prior years to cover expenditures of the current year. The results of operations on a GAAP basis do not recognize these amounts as revenue since they represent prior period's excess of revenues over expenditures.
- (2) Personnel services and related benefits are budgeted only to the extent expected to be paid, rather than on the modified accrual basis.
- (3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the budget. (See Note 1 for a description of the House of Representatives, State of Louisiana's budgetary accounting method.) This amount differs from the fund balance reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance because of the cumulative effect of transactions such as those described above.

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
OTHER POSTEMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2014

	Actuarial Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Office of Group Benefits	7/1/2013	\$ -	\$ 7,385,700	\$ 7,385,700	0%	\$ 1,873,594	394.20%
	7/1/2012	-	7,907,300	7,907,300	0%	1,985,023	398.35%
	7/1/2011	-	7,013,600	7,013,600	0%	1,832,811	382.67%
LSU System Health Plan	7/1/2013	\$ -	\$ 25,927,709	\$ 25,927,709	0%	\$ 12,423,852	208.69%
	7/1/2012	-	32,110,215	32,110,215	0%	11,888,009	270.11%
	7/1/2011	-	11,243,604	11,243,604	0%	12,678,721	88.68%

OTHER SUPPLEMENTARY INFORMATION

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF LEGISLATORS' PER DIEM AND OTHER COMPENSATION
FOR THE YEAR ENDED JUNE 30, 2014

<u>Representative</u>	<u>Total</u>	<u>Regular Session</u>		<u>Special Session</u>		<u>Travel and Interim Session</u>		<u>Salary and Expense Allowance</u>
		<u>Days</u>	<u>Amount</u>	<u>Days</u>	<u>Amount</u>	<u>Days</u>	<u>Amount</u>	
ABRAMSON, NEIL C.	\$ 38,076	85	\$ 13,005	-	\$ -	15	\$ 2,271	\$ 22,800
ADAMS, BRYAN J.	37,323	85	13,005	-	-	10	1,518	22,800
ANDERS, JOHN F.	37,315	85	13,005	-	-	10	1,510	22,800
ARMES III, JAMES KIMRELL	36,107	85	13,005	-	-	2	302	22,800
ARNOLD, JEFFREY	36,856	85	13,005	-	-	7	1,051	22,800
BADON, JR., AUSTIN	37,484	85	13,005	-	-	11	1,679	22,800
BARRAS, TAYLOR F.	36,111	85	13,005	-	-	2	306	22,800
BARROW, REGINA A.	36,872	85	13,005	-	-	7	1,067	22,800
BERTHELOT, JOHN A.	37,778	85	13,005	-	-	13	1,973	22,800
BILLIOT, ROBERT E.	38,386	85	13,005	-	-	17	2,581	22,800
BISHOP, STUART J.	36,413	85	13,005	-	-	4	608	22,800
BISHOP, WESLEY TYRON	36,703	85	13,005	-	-	6	898	22,800
BROADWATER, CHRIS	37,794	85	13,005	-	-	13	1,989	22,800
BROSSETT, JARED	28,960	55	8,415	-	-	9	1,361	19,183
BROWN, TERRY R.	37,331	85	13,005	-	-	10	1,526	22,800
BURFORD, RICHARD T.	36,264	85	13,005	-	-	3	459	22,800
BURNS, HENRY LEE	38,076	85	13,005	-	-	15	2,271	22,800
BURNS, TIMOTHY G.	36,264	85	13,005	-	-	3	459	22,800
BURRELL, ROY ALLEN	37,931	85	13,005	-	-	14	2,126	22,800
CARMODY, JR., THOMAS G.	36,719	85	13,005	-	-	6	914	22,800
CARTER, STEPHEN F.	37,017	85	13,005	-	-	8	1,212	22,800
CHAMPAGNE, SIMONE BECNEL	38,845	85	13,005	-	-	20	3,040	22,800
CHANEY, CHARLES R.	37,770	85	13,005	-	-	13	1,965	22,800
CONNICK, JOHN PATRICK	36,711	85	13,005	-	-	6	906	22,800
COX, KENNY R.	36,570	85	13,005	-	-	5	765	22,800
CROMER, GEORGE GREGORY	38,229	85	13,005	-	-	16	2,424	22,800
DANAHAY, MICHAEL	36,566	85	13,005	-	-	5	761	22,800
DIXON, HERBERT	39,147	85	13,005	-	-	22	3,342	22,800
DOVE, SR., GORDON E.	36,860	85	13,005	-	-	7	1,055	22,800
EDWARDS, JOHN BEL	36,264	85	13,005	-	-	3	459	22,800
FANNIN, JAMES R.	66,523	85	13,005	-	-	18	2,718	50,800
FOIL, FRANKLIN J.	37,476	85	13,005	-	-	11	1,671	22,800
FRANKLIN, A. B.	38,402	85	13,005	-	-	17	2,597	22,800
GAINES, RANDAL L.	36,401	85	13,005	-	-	4	596	22,800
GAROFALO, JR., RAYMOND E.	37,790	85	13,005	-	-	13	1,985	22,800
GEYMAN, BRETT FRANK	36,260	85	13,005	-	-	3	455	22,800
GISCLAIR, JERRY J.	36,719	85	13,005	-	-	6	914	22,800
GREENE, HUNTER	37,629	85	13,005	-	-	12	1,824	22,800
GUILLORY, MICKEY J.	36,570	85	13,005	-	-	5	765	22,800
GUINN, JOHN E.	37,025	85	13,005	-	-	8	1,220	22,800
HARRIS, LANCE	37,625	85	13,005	-	-	12	1,820	22,800
HARRISON, JR., JOSEPH ARTHUR	39,127	85	13,005	-	-	22	3,322	22,800
HAVARD, KENNETH E.	36,864	85	13,005	-	-	7	1,059	22,800
HAZEL, LOWELL CHRISTOPHER	36,566	85	13,005	-	-	5	761	22,800

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF LEGISLATORS' PER DIEM AND OTHER COMPENSATION
FOR THE YEAR ENDED JUNE 30, 2014

<u>Representative</u>	<u>Total</u>	<u>Regular Session</u>		<u>Special Session</u>		<u>Travel and Interim Session</u>		<u>Salary and Expense Allowance</u>
		<u>Days</u>	<u>Amount</u>	<u>Days</u>	<u>Amount</u>	<u>Days</u>	<u>Amount</u>	
HENRY, JR., JOHN C.	\$ 36,719	85	\$ 13,005	-	\$ -	6	\$ 914	\$ 22,800
HENSGENS, CRAIG R.	37,166	85	13,005	-	-	9	1,361	22,800
HILL, DOROTHY SUE	37,178	85	13,005	-	-	9	1,373	22,800
HODGES, VALARIE H.	37,484	85	13,005	-	-	11	1,679	22,800
HOFFMANN, FRANK A.	36,864	85	13,005	-	-	7	1,059	22,800
HOLLIS, PAUL BRYAN	35,958	85	13,005	-	-	1	153	22,800
HONORE', DALTON W.	39,622	85	13,005	-	-	25	3,817	22,800
HOWARD, FRANK A.	37,174	85	13,005	-	-	9	1,369	22,800
HUNTER, MARCUS L.	37,178	85	13,005	-	-	9	1,373	22,800
HUVAL, MICHAEL	36,719	85	13,005	-	-	6	914	22,800
IVEY, BARRY	36,719	85	13,005	-	-	6	914	22,800
JACKSON, KATRINA R.	37,629	85	13,005	-	-	12	1,824	22,800
JACKSON, III, GIROD	3,248	-	-	-	-	-	-	3,249
JAMES II, EDWARD CLARK	38,982	85	13,005	-	-	21	3,177	22,800
JEFFERSON, PATRICK O'NEAL	36,860	85	13,005	-	-	7	1,055	22,800
JOHNSON, ROBERT ALLEN	36,566	85	13,005	-	-	5	761	22,800
JONES, SAM	37,174	85	13,005	-	-	9	1,369	22,800
KLECKLEY, CHARLES E.	61,180	85	13,005	-	-	67	10,175	38,000
LAMBERT, EDDIE J.	36,111	85	13,005	-	-	2	306	22,800
LANDRY, NANCY RUTH	37,335	85	13,005	-	-	10	1,530	22,800
LANDRY, SR., TERRY C.	38,249	85	13,005	-	-	16	2,444	22,800
LEBAS, HARVEY BERNARD	37,456	85	13,005	-	-	11	1,651	22,800
LEGER III, WALTER	47,886	85	13,005	-	-	29	4,381	30,500
LEOPOLD, CHRISTOPHER J.	36,409	85	13,005	-	-	4	604	22,800
LOPINTO, III, JOSEPH P.	36,256	85	13,005	-	-	3	451	22,800
LORUSSO, NICHOLAS J.	37,170	85	13,005	-	-	9	1,365	22,800
MACK, SHERMAN Q.	35,958	85	13,005	-	-	1	153	22,800
MILLER, GREGORY	36,264	85	13,005	-	-	3	459	22,800
MONToucET, JACK	37,311	85	13,005	-	-	10	1,506	22,800
MORENO, HELENA N.	36,860	85	13,005	-	-	7	1,055	22,800
MORRIS, JIM	36,260	85	13,005	-	-	3	455	22,800
MORRIS III, JOHN C.	35,958	85	13,005	-	-	1	153	22,800
NORTON, BARBARA MCCRAY	37,939	85	13,005	-	-	14	2,134	22,800
ORTEGO, STEPHEN J.	36,852	85	13,005	-	-	7	1,047	22,800
PEARSON, J. KEVIN	37,762	85	13,005	-	-	13	1,957	22,800
PIERRE, VINCENT J.	37,472	85	13,005	-	-	11	1,667	22,800
PONTI, ERICH EDWARD	36,264	85	13,005	-	-	3	459	22,800
POPE, J. ROGERS	37,323	85	13,005	-	-	10	1,518	22,800
PRICE, EDWARD J.	37,029	85	13,005	-	-	8	1,224	22,800
PUGH, STEPHEN EDMUND	37,323	85	13,005	-	-	10	1,518	22,800
PYLANT, STEVEN E.	35,805	85	13,005	-	-	-	-	22,800
REYNOLDS, HARLIE E.	37,943	85	13,005	-	-	14	2,138	22,800
RICHARD, JEROME P.	36,210	85	12,665	-	-	5	745	22,800
RITCHIE, HAROLD L.	35,954	85	13,005	-	-	1	149	22,800

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF LEGISLATORS' PER DIEM AND OTHER COMPENSATION
FOR THE YEAR ENDED JUNE 30, 2014

<u>Representative</u>	<u>Total</u>	<u>Regular Session</u>		<u>Special Session</u>		<u>Travel and Interim Session</u>		<u>Salary and Expense Allowance</u>
		<u>Days</u>	<u>Amount</u>	<u>Days</u>	<u>Amount</u>	<u>Days</u>	<u>Amount</u>	
ROBIDEAUX, JOEL C.	\$ 37,931	85	\$ 13,005	-	\$ -	14	\$ 2,126	\$ 22,800
SCHEXNAYDER, CLAY	37,468	85	13,005	-	-	11	1,663	22,800
SCHRODER, SR., JOHN M.	38,386	85	13,005	-	-	17	2,581	22,800
SEABAUGH, ALAN THOMAS	36,711	85	13,005	-	-	6	906	22,800
SHADOIN, ROBERT E.	36,413	83	12,699	-	-	6	914	22,800
SIMON, SCOTT MICHAEL	38,056	85	13,005	-	-	15	2,251	22,800
SMITH, PATRICIA HAYNES	43,846	85	13,005	-	-	53	8,041	22,800
ST. GERMAIN, KAREN G.	41,551	85	13,005	-	-	38	5,746	22,800
STOKES, JULIE	37,476	85	13,005	-	-	11	1,671	22,800
TALBOT, MICHAEL KIRK	38,688	85	13,005	-	-	19	2,883	22,800
THIBAUT, JR., JOSEPH HENRY MAJOR	36,107	85	13,005	-	-	2	302	22,800
THIERRY, LEDRICKA J.	38,366	85	13,005	-	-	17	2,561	22,800
THOMPSON, JEFFERSON ROWE	35,346	80	12,240	-	-	2	306	22,800
WHITNEY, LENAR L.	36,111	85	13,005	-	-	2	306	22,800
WILLIAMS, ALFRED C.	36,723	85	13,005	-	-	6	918	22,800
WILLIAMS, PATRICK C.	36,413	85	13,005	-	-	4	608	22,800
WILLMOTT, THOMAS PHILLIP	37,005	85	13,005	-	-	8	1,200	22,800
WOODRUFF, EBONY	29,767	85	13,005	-	-	3	459	16,303
	<u>\$ 3,961,862</u>		<u>\$ 1,359,524</u>		<u>\$ -</u>		<u>\$ 164,303</u>	<u>\$ 2,438,035</u>

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DENNIS W. DILLON, C.P.A.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 08, 2014

Honorable Charles E. Kleckley
Speaker of the House of Representatives
State of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the House of Representatives, State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the House of Representatives, State of Louisiana's basic financial statements, and have issued our report thereon dated December 08, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the House of Representatives, State of Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the House of Representatives, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the House of Representatives, State of Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the House of Representatives, State of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the House of Representatives, State of Louisiana for the year ended June 30, 2014 was unmodified.
2. Internal Control
 - Material weaknesses: None noted
 - Significant deficiencies: None noted
3. Compliance and Other Matters
 - Noncompliance material to financial statements: None noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None